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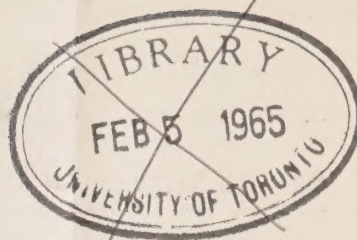
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ST. JOHN'S, NEWFOUNDLAND

COST-OF-LIVING INDEX

(JUNE 1951=100)





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P R E F A C E

Since Confederation the Provincial Department of Supply in St. John's Newfoundland has continued to provide a monthly cost-of-living index for St. John's. That index was a measurement of price changes in the cost of a 1938 family budget in the city of St. John's, and differed somewhat in composition and construction from indexes compiled by the Dominion Bureau of Statistics for the major Canadian cities.

Recognizing the value of having indexes for the different cities of Canada constructed on the same basis, the Dominion Bureau of Statistics has produced a new cost-of-living index for St. John's, essentially comparable to other Canadian city indexes. It is planned to revise this index in line with work now in progress on the cost-of-living index for Canada.

The construction of this index has been greatly facilitated by the co-operation of the Newfoundland Department of Supply officials and the advice of St. John's business men and city officials. The Dominion Bureau of Statistics wishes to express its appreciation of the generous assistance afforded.

This project has been carried out by G.A. Richardson under the direction of L.E. Rowebottom, Chief, Prices Section.

Herbert Marshall

Herbert Marshall,
Dominion Statistician.

ST. JOHN'S COST-OF-LIVING INDEX

PURPOSE OF THE INDEX

The new St. John's Cost-of-Living Index has been designed to measure the influence of changes in retail prices upon the cost of a constant quantity of goods and services representing the typical family budget in St. John's. Accordingly, the new index does not take into account changes in levels of living. Rather it is a consumer price index which measures price changes in a fixed basket of goods and services.

METHODS USED IN ESTABLISHING THE INDEX

In producing a cost of living index for St. John's it was first necessary to establish the relative importance of the main groups into which family expenditures fall, and then to select and weight the items to be priced. The relative importance of the main groups of consumer expenditure had to be found in order to provide factors for weighting price changes. For example, price changes in foods which represented 35 per cent of the average family expenditures had to be given more importance than price changes in fuel and light which comprised only 7 per cent of these expenditures. The relative importance of the main groups in the St. John's family budget, expressed as percentages, are used to weight price changes for each group.

The choice of items to be priced was also of consequence. Obviously, it is impossible to price every item purchased by the typical family. The prices included can therefore form only a sample of all expenditures. However the items chosen for pricing are considered sufficient to measure price changes for all items within each of the principal expenditure groups.

In dealing with these problems the following sources were used:

1. The 1945 Census of Newfoundland-Labrador, which provided estimates of domestic production in addition to population data.
2. Department of Supply cost-of-living information.
3. Consumption and expenditure data, covering food, fuel and light, telephone, medical supplies, clothing and rent, collected from various sources in St. John's by Dominion Bureau of Statistics representatives.
4. Import statistics, which provided a good over-all picture of the spending pattern of the Province.

These data were all used to produce a consumption pattern typical of the average family in St. John's. For example, import values data for the latest three years available were averaged to provide recent and typical average annual import values of commodities which comprise the bulk of the cost-of-living items. To these average annual figures were added estimates of average annual local production in value terms. Exports were deducted to provide average annual consumption totals which were used to produce group, sub-group and item weights for the St. John's

cost-of-living index. These weights were further expanded and refined on the basis of the material from sources in 1 - 3 noted above.

Major decisions in basic weighting data have been checked with government and business officials in St. John's.

BASE PERIOD, JUNE 1, 1951 = 100

Although expenditure weights (i.e. the estimates of relative importance of main expenditure groups) were calculated on the average of the three most recent years for which import statistics were available in detail, in selecting a base period for the new index, the Dominion Bureau of Statistics was influenced by the availability of price material. Price collection which was inaugurated in September 1950 was complete in coverage by June 1951, and this month has been chosen as the index base period.

Price changes measured by the new index commencing July 3rd, 1951 (June 1951 = 100) will provide continuity with the Department of Supply cost-of-living index, which has been discontinued with the publication of the June index number of 185.4. The new index may be converted to the previous base of October 1938 by multiplying each index on the new base (June 1, 1951 = 100) by 185.4.

INDEX BUDGET GROUPS

The Index budget has been divided into six main expenditure groups to conform with cost-of-living indexes for other Canadian cities. These groups are Food, Fuel and Light, Rent, Clothing, Homefurnishings and Services, and Miscellaneous. A separate index will be published for each of these groups. Comments on the items included in these groups and the sources of prices for them follow.

FOODS

The forty-six foods chosen are representative of food consumption in St. John's. Prices used in calculating food indexes are collected on the first business day of each month from approximately thirty grocers and butchers in St. John's by a Dominion Bureau of Statistics representative. Price quotations are averaged for each of the forty-six foods and multiplied by the budget quantity for each individual item to find the cost of that item. Individual cost figures are combined to produce the total cost of the food budget which is then expressed as a percentage of the budget food cost in June 1951 to produce the food index.

FUEL AND LIGHT

Prices of coal, fuel oil and gas are collected monthly. Relative prices are weighted by consumption figures, to produce a fuel index. The electricity index is calculated from monthly bills typical of the cost of electricity consumed by St. John's households.

RENTALS

Changes in rentals are determined from rent surveys taken four times a year by the Special Surveys Division of the Dominion Bureau of Statistics. The rent index is calculated from a matched sample of households and constitutes a measure of the change in the amount of rent paid for the same accomodation. Rent for commercial premises is excluded.

CLOTHING

The clothing index is divided into five sub-groups: Men's Wear, Women's Wear, Children's Wear, Piece Goods and Footwear, for which separate weights have been calculated. The index contains forty-six items of Clothing, Piece Goods and Footwear. These have been carefully chosen to be as representative as possible of the materials and quantities going into civilian consumption. Clothing items are priced monthly at department stores by a Bureau representative, who reports not only comparative prices, but also changes in quality of the items priced.

HOMEFURNISHINGS AND SERVICES

This index is a composite of nine sub-groups: Furniture, Floor Coverings, Furnishings, Electrical Equipment, Hardware, Dishes and Glassware, Cleaning Supplies, Laundry and Telephone. Prices for the items comprising the first six groups are obtained from department stores and, as in other groups, the principle of representing all basic materials by pricing a comparatively small number of items is followed. Prices for Cleaning Supplies are obtained from independent grocers.

MISCELLANEOUS

Four main groups - Health, Personal Care, Transportation and Recreation - represent miscellaneous expenditures in the family budget. The Health section is comprised of four sub-groups: Medicines, Hospital Charges, Doctors' Fees and Dentists' Fees. Medicines are priced every month. In view of the stability of fees for doctors, dentists and hospitals, these prices are collected only at annual intervals unless knowledge is received of a change in the intervening period.

Personal care costs are represented by eight items of toilet requirements plus barbers' fees.

Four modes of transportation, private motor car, bus, boat and rail are represented. Motor car operating costs are measured by prices of gasoline, licenses, tires and wage rates for garage mechanics.

The recreation sub-group includes motion picture theatre admissions, newspapers, magazines, sporting goods and tobacco.

COST-OF-LIVING INDEX WEIGHTING SYSTEM

There are two stages in the calculation of each of the six principal group indexes from which the composite number is calculated. In the first stage, the

general procedure is to multiply current price averages by budget quantities. These products are added together and the resultant aggregate divided by a corresponding base period aggregate. This number is multiplied by 100.0 to secure a sub-group index for the current period. The index is then multiplied by a sub-group weight indicative of the cost of goods in this sub-group relative to all goods in the group. When all sub-groups have been weighted similarly, the group index is found by adding up this second set of products and dividing by 100.0. This routine is repeated to secure the final composite cost-of-living index. The second and third stages of weighting are made necessary by the fact that it is not feasible to include all items in the family budget.

The complete list of items and weights is shown following:

ST. JOHN'S COST-OF-LIVING INDEX

WEIGHTING PATTERN ^{1.}

	<u>SUB- GROUP WEIGHTS</u>	<u>GROUP WEIGHTS</u>
<u>FOOD</u>		35
Dairy Products	11	
Eggs	5	
Cereals	13	
Meat and Fish	33	
Other Groceries	17	
Vegetables	12	
Fruits	9	
<u>CLOTHING</u>		12
Men's and Boys'	31	
Women's and Girls'	34	
Children's	11	
Piece Goods	6	
Footwear	18	
<u>HOMEFURNISHINGS AND SERVICES</u>		9
Furniture	26	
Floor Coverings	5	
Furnishings	15	
Electrical Equipment	16	
Hardware	6	
Dishes and Glassware	4	
Cleaning Supplies	10	
Laundry	9	
Telephone	9	
<u>FUEL AND LIGHT</u>		8
Coal	53	
Fuel Oil	34	
Electricity	13	
<u>RENTALS</u>		13
<u>MISCELLANEOUS</u>		23
Health	25	
Personal Care	4	
Transportation	28	
Recreation	43	
<u>TOTAL</u>		<u>100</u>

1. In all cases, weights reproduced are value ratios.

FOOD

<u>ITEM</u> <u>WEIGHT</u>	<u>SUB-</u> <u>GROUP</u> <u>WEIGHT</u>	<u>GROUP</u> <u>WEIGHT</u>
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35

Dairy Products

11

Evaporated milk	34
Milk, fresh	52
Cheese, Canadian medium	14

Eggs

Grade "A", large, imported	5
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Cereals

13

Bread, plain white, wrapped	71
Flour, all purpose	15
Rice, first grade	2
Rolled oats	2
Corn flakes	4
Hard bread	6

Meats and Fish

33

Beef, rolled rib roast, prime	25
Beef, frying	10
Beef, stewing, bone included	8
Beef, salt, trimmed navel	13
Pork, salt, fat back	5
Pork, choice, short ribs	5
Bologna	5
Bacon	5
Fish, cod, hard dried	2
Fish, cod fillets, packaged	2

Other Groceries

17

Sugar, granulated	17
Tea, orange pekoe	25
Coffee, medium quality	3
Cocoa, pure, unsweetened	2
Baking powder	2
Molasses, fancy	2
Corn syrup	2
Margarine	45

Vegetables

12

Potatoes no. 1, table	38
Turnips	8
Cabbage	14
Carrots, with tops off	8
Onions, cooking medium	5
Beans, dry common white	5
Tomatoes, choice 2½'s	3
Peas, choice	2
Beans, baked	8
Soup, vegetable	9

	ITEM WEIGHT	SUB- GROUP WEIGHT	GROUP WEIGHT
<u>FOOD (CONCL'D)</u>			
<u>Fruit</u>		9	
Oranges, California, 220	28		
Apples, cooking, medium 2½'s	30		
Raisins, seedless	9		
Prunes, bulk 70-80	2		
Marmalade, orange, 12 fl. oz.	6		
Jam, strawberry, 12 fl. oz.	6		
Jam, partridgeberry and apple	4		
Peaches, choice	15		
<u>RENTALS</u>			13
<u>FUEL AND LIGHT</u>			8
<u>Coal</u>		53	
Anthracite	11		
Bituminous	89		
<u>Fuel Oil</u>		34	
Furnace	66		
Stove	34		
<u>Electricity</u>		13	
<u>CLOTHING</u>			12
<u>Men's Wear</u>		31	
Overcoats	10		
Top coats	7		
Suits	37		
Trousers, work	7		
Overalls	3		
Sweaters	2		
Socks	8		
Underwear, athletic	5		
Underwear, balbriggan combinations	2		
Underwear, winter	3		
Pyjamas	3		
Shirts, broadcloth	10		
Shirts, work	3		
<u>Women's Wear</u>		34	
Top coats, fall and winter	29		
Top coats, fall and spring	20		
House dress	13		
Slip, rayon	12		
Hosiery, wool mixture	2		
Hosiery, nylon	11		
Pantie, rayon	5		
Pantie, wool mixture	2		
Nightgown, cotton	5		
Nightgown, rayon	3		

	<u>ITEM</u> <u>WEIGHT</u>	<u>SUB-</u> <u>GROUP</u> <u>WEIGHT</u>	<u>GROUP</u> <u>WEIGHT</u>
<u>CLOTHING (CONCL'D)</u>			
<u>Children's Wear</u>		11	
Boy's wool suit	8		
Boy's parka	6		
Boy's sweater, pullover	9		
Boy's trousers, cotton	8		
Boy's T-shirt	10		
Girl's coat, dress	11		
Girl's dress, cotton	9		
Girl's anklets	9		
Girl's snowsuit	13		
Infant's, diapers, gauze	6		
Infant's, overalls, cotton	11		
<u>Piece Goods</u>		6	
Cotton dress, print	45		
Cotton flannelette	24		
Wool cloth	12		
Wool flannel	5		
Celanese or rayon	14		
<u>Footwear</u>		18	
Men's work boots	7		
Men's oxfords	29		
Men's rubbers	17		
Women's shoes	35		
Children's shoes	12		
<u>HOMEFURNISHINGS AND SERVICES</u>			9
<u>Furniture</u>		26	
Dinette	12		
Bedroom suite	33		
Kitchen table	3		
Kitchen chairs	4		
Studio couch	10		
Bed springs	3		
Mattress	9		
Chesterfield suite	26		
<u>Floor Coverings</u>		5	
Axminster rug	20		
Congoleum	10		
Linoleum	70		

	<u>ITEM</u> <u>WEIGHT</u>	<u>SUB-</u> <u>GROUP</u> <u>WEIGHT</u>	<u>GROUP</u> <u>WEIGHT</u>
<u>HOMEFURNISHINGS AND SERVICES (CONCL'D)</u>			
<u>Furnishings</u>		15	
Sheets	58		
Towels	19		
Blankets	11		
Table oilcloth	12		
<u>Electrical Equipment</u>		16	
Washing machine	32		
Radio	43		
Refrigerator	25		
<u>Hardware</u>		6	
Frying pan	12		
Saucepan, enamel	4		
Saucepan, aluminum	14		
Kitchen broom	44		
Kitchen pail	26		
<u>Dishes and Glassware</u>		4	
Dishes, set	59		
Glass tumbler	41		
<u>Cleaning Supplies</u>		10	
Laundry soap	51		
Soap flakes	39		
Cleanser, abrasive	5		
Javel water	5		
<u>Laundry</u>		9	
Sheets	40		
Towels	35		
Men's shirts	25		
<u>Telephone</u>		9	

	ITEM WEIGHT	% OF SUB-GROUP WEIGHT	SUB- GROUP WEIGHT	GROUP WEIGHT
<u>MISCELLANEOUS</u>				
				23
<u>Health</u>				
(a) <u>Medicines</u>		17	25	
Aspirin tablets - 12	27			
Epsom salts	15			
Boracic acid	3			
Tincture of iodine	20			
Zinc ointment	20			
Cod liver oil	15			
(b) <u>Hospital Charges</u>		24		
Semi-private room	30			
Public ward	70			
(c) <u>Doctors' Fees</u>		42		
Office consultation	45			
Ordinary day visit	30			
Ordinary confinement	25			
(d) <u>Dentists' Fees</u>		17		
Filling	34			
Prophylaxis	24			
Upper and lower denture	28			
Ordinary extraction	14			
<u>Personal Care</u>				
(a) <u>Personal Cleaning Supplies</u>		70	4	
Talcum powder	10			
Tooth paste	15			
Tooth brush	6			
Shaving cream	4			
Toilet soap	22			
Razor blades	14			
Cleansing tissue	18			
Sterilized gauze	11			
(b) <u>Barbers' Fees</u>		30		
Men's haircut				
<u>Transportation</u>				
(a) <u>Motor Operating Costs</u>		69	28	
Gasoline	32			
Repairs	19			
Licenses	7			
Depreciation	32			
Tires	10			
(b) <u>Rail and Boat Fares</u>		10		
(c) <u>Bus Fares</u>		21		

MISCELLANEOUS (CONCL'D)

Recreation

(a) Theatre Admissions

21

43

(b) Newspapers and Magazines

15

Newspapers

64

Magazines

36

(c) Bicycle

15

(d) Tobacco

49

Cigarettes

80

Tobacco

20

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